

Voluntary Report - public distribution

Date: 8/19/2004

GAIN Report Number: JA4064

Japan

Agricultural Situation

Hokkaido Onion Production Down 6 Percent 2004

Approved by:

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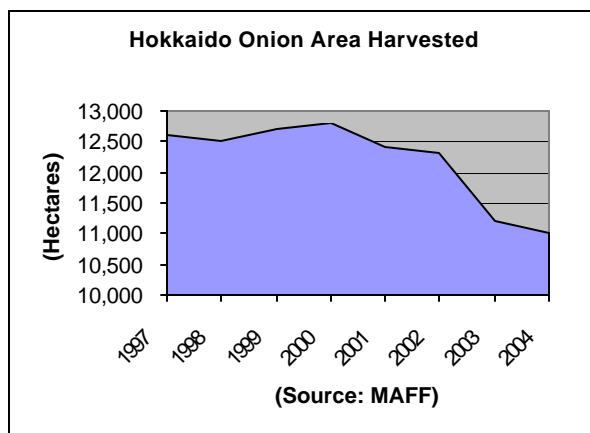
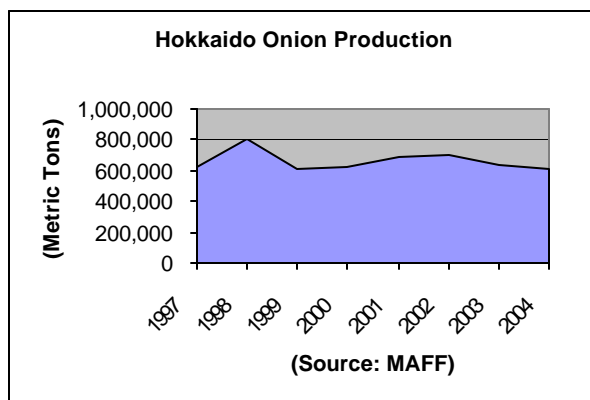
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Report Highlights:

The 2004 Hokkaido onion production is estimated at 607,300 metric tons, down approximately 6 percent from the previous year, according to the Ministry of Agriculture, Forestry and Fisheries (MAFF). The area harvesting onions is estimated at 11,000 hectares, down approximately 2 percent from the previous season. Market prices of domestic onions from the western Japan region were strong this season, up approximately 15 percent from the previous season. Japanese onion traders expect that nation's onion supply situation will be easing with the new crop of Hokkaido onions in the market in late August. Cheap imports from China continue to be strong.

Includes PSD Changes: No
Includes Trade Matrix: No
Unscheduled Report
Tokyo [JA1]
[JA]



The 2004 Hokkaido onion production is estimated at 607,300 metric tons, down approximately 6 percent from the previous year, according to the Ministry of Agriculture, Forestry and Fisheries (MAFF). The total commercial shipment volume is expected at 569,900 metric tons with 460,600 metric tons targeted for table consumption through the retail and food service sectors and 109,400 metric tons destined for the food-processing sector, including instant food manufacturers. The total area of onion harvesting is estimated at 11,000 hectares, down approximately 2 percent from the previous season. The production is estimated based on the Hokkaido field conditions of July 20, so the final production numbers may still change depending on weather conditions before and during harvesting.

Meanwhile, the agricultural producers coop in Hokkaido (Hokuren) forecasts the 2004 production at a similar level to the last season. The Kitami region, the prime production area for Hokkaido onions, experienced relatively good weather until mid July. However, Hokkaido has experienced an extremely hot summer with short rainfalls and there are

many medium sized bulbs in the fields. Hokkaido onion harvesting starts in mid August and continues until late October with the peak harvesting done in mid September. Typhoons have already hit the islands of Japan several times this season but the typhoons did not affect the onion production in Hokkaido since all of them hit the western region of Japan.

In early August, domestic onions from Hyogo and Saga prefectures were trading at \$1.08 - \$1.19 (120 – 132 yen) per kilogram at Tokyo's Ohta Wholesale Market, up approximately 15 percent from the last season, due largely to short supplies from the western Japan region. Japanese onion traders expect that nation's onion supply situation will be easing with the new crop of Hokkaido onions in the market in late August.

Lately, cheap imports from China have become a major concern not only to domestic onion growers but also U.S. onion exporters to Japan. In early August, Chinese bulb onions were trading at \$7.23 (800 yen) for 20 KG in the Tokyo wholesale market. China increased their supply of ready-to-use peeled bulb onions to Japan at little additional cost due to China's lower labor costs. Chinese peeled bulb onions were trading at \$8.13 (900 yen) for a 20 KG carton box. China already exported 38,416 metric tons of bulb onions to Japan from January-May 2004, approximately 4.13 times the amount they shipped in the same period last year. The U.S. exported 18,378 metric tons in the same period.

* The exchange rate of 110.62 yen per dollar is based on the Nikkei News on August 10, 2004.

2004 Hokkaido Onion Crop Forecast		
	2004 Crop Forecast	Changes from 2003
Harvesting Area	11,000 HR	- 2 %
Production	607,300 MT	- 6 %
Commercial Shipment	569,900 MT	- 6 %
For Fresh Consumption	460,600 MT	- 5 %
For Processing	109,400 MT	- 8 %
<i>Source: MAFF</i>		

2004 Hokkaido Onion Shipment Forecast	
Before December 31, 2004	281,600 MT
After January 1, 2005	178,900 MT
Total	460,600 MT
<i>Source: MAFF</i>	